John H. O'Rourke WSBA 21615
2101 Fourth Avenue #1560
Seattle WA 98121
(206) 824-2802
Fax:(206)728-6869

Judge: Hon. Marc L. Barreca
Chapter: 7
Hearing Date: March 2, 2012
Hearing Time: 9:30 a.m.
Hearing Location: 700 Stewart St.
Room 7106
Seattle WA 98101
Reply Date: February 24, 2012

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF WASHINGTON, AT SEATTLE

In re ADAM GROSSMAN Debtor,	NO. 10-19817 TSAI LAW COMPANY'S REPLY IN SUPPORT OF APPLICATION FOR DISBURSEMENT OF APPROVED FEES AND EXPENSES

Upon review of the Declaration of Ronald G. Brown in Support of Trustee's Objection (Document 325), it appears that almost the entirety of the debtor's estate as currently reported in this matter were monies paid to debtor's attorney for representation in the bankruptcy and his dissolution. Little if any property that was not earmarked for payment of debtor's prior legal expenses has been recovered. Yet the trustee continues to investigate the existence of assets (Tanager Fund/Terington Davies investment accounts) that were valued at zero by the state court in debtor's dissolution, and continues to charge the estate for work that was already done in state court by Tsai Law Company. The investigation has turned up no new assets, and no benefit has been received by the estate. While the trustee's argument is correct that bankruptcy professionals accept interim compensation at their peril, Tsai Law Company represents almost exclusively individuals in state court dissolution proceedings, and they performed their duties as such. They would not have sought appointment as Special Counsel for debtor had they been aware that even after appointment by the Court and approval of their fees and costs, the trustee would attempt to strip every dime paid to them (including sums already paid to court reporters and experts) and subject them to extended litigation rivaling debtor's dissolution.

Regarding claim priority, Tsai Law Company has a priority administrative claim in the Chapter 11 proceeding. They are not pro rata with the claim of Lyman Opie as to the $20,000. As was argued in response to the turnover motion, Mr. Opie's claim is not supported by the documentation he offers in support (Exhibit 1), specifically that the $135,000 note was already in default at the time Mr. Opie claims he advanced the $20,000 to debtor as part of the future advance clause in the note. Without a new note or written extension of the May 25, 2010 note, there is no written proof that the money was loaned. And as has been argued, nothing in Mr. Opie's communication with Tsai Law Company indicated he was loaning the money to debtor. If he had, Tsai Law Company would never have agreed to represent the debtor, thereby sparing themselves having to represent the debtor in a contentious divorce, which has been followed by a contentious bankruptcy. The Opie claim is therefore not entitled to administrative priority, and in fact the $20,000 portion of the claim should be objected to as a general unsecured claim for lack of proof.

Dated this 26th of February, 2012

_____________/s/_____________
John H. O'Rourke WSBA 21615
Attorney for Tsai Law Company

EXHIBIT 1

Promissory Note

Part 1. Names

Borrower:
ADAM R. GROSSMAN
6821 39th Avenue NE
Seattle, Washington 98115

Lender:
LYMAN C. OPIE
60 Magazine Street
Cambridge, Massachusetts 02139

In this promissory note, the term Borrower refers to one or more borrowers. If there is more than one borrower, they agree to be jointly and severally liable. In the event of Borrower's death, Borrower's estate shall be fully responsible for all principal and interest under the terms of this note. The term Lender refers to any person who legally holds this note, including a buyer in due course.

Part 2. Promise to Pay

For value received of $135,000 on May 25, 2010, and up to $165,000 at the sole discretion of the Lender at any later date, Borrower promises to pay Lender the balance in full as specified below.

Part 3. Payment Date

Borrower will pay the entire amount of principal and interest on or before June 25, 2010, and is extendible by agreement of both parties in writing. Payment shall be made via domestic bank wire as instructed by Lender or as otherwise determined if mutually agreed by Lender and Borrower in writing.

Part 4. Interest Payments

Interest shall accrue daily at the end of each and every calendar day at the Daily Rate until the principal and interest are paid in full. The Daily Rate shall be $100/day for each calendar day prior to the Payment Date and the Daily Rate shall increase by $5/day each calendar day starting on the Payment Date.

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Part 5. Prepayment

Borrower may prepay the principal prior to the Payment Date. If the principal and interest have been repaid in full, interest shall not accrue.

Part 6. Security

This note is secured by the real estate described in the attached mortgage or deed of trust.

Part 7. Collection Costs

If Lender prevails in a lawsuit to collect on this note, Borrower will pay Lender's costs and lawyer's fees in an amount the court finds to be reasonable.

Part 8. Late Payment

Lender shall be entitled to initiate a foreclosure against the property securing this note 30 days after the Payment Date if all Principal and Interest are not paid in full.

Part 9. Notices

Lender and Borrower shall keep each other mutually informed of their current addresses or other ways they prefer to be contacted.

Part 10. Disputes

If a dispute arises, either party may take the matter to court.

Signature of Borrower

Dated: May 25, 2010

By: ______________________________

ADAM R. GROSSMAN